

**PRESS INFORMATION BUREAU
GOVERNMENT OF INDIA**

**MOST OF THE STATES TO BENEFIT FROM GST FROM DAY ONE; PROVISIONS
HAVE BEEN MADE IN THE CONSTITUTION AMENDMENT BILL ON GST TO
ENSURE THAT NONE OF THE STATES LOSE ANY REVENUE AFTER THE
IMPLEMENTATION OF THE GST: FM**

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The Union Finance Minister, Shri Arun Jaitley said that Goods and Services Tax (GST) will benefit most of the States from day one especially the consumer States. He said that to remove any apprehension among the States about the fall in their revenue collections, provisions have been made in the Constitution Amendment Bill on GST introduced by him in the Lok Sabha on the last Friday, 19th December, 2014 to ensure that none of them lose any revenue after the implementation of the GST. In this regard he mentioned that it is proposed to levy a non-vatable additional tax of not more than 1% on supply of goods in the course of inter-State trade or commerce. The Finance Minister said that this tax will be for a period not exceeding 2 years, or further such period as recommended by the GST Council. This additional tax on supply of goods shall be assigned to the States from where such supplies originate. The Finance Minister further said that the States have been ensured that there will be no revenue loss and the centre will compensate States for any loss of revenue arising on account of implementation of the GST for a period up to five years. He said that a provision in this regard has been made in the Constitution Amendment Bill. He said that the compensation will be on a tapering basis i.e., 100% for first three years, 75% in the fourth year and 50% in the fifth year. The Finance Minister Shri Arun Jaitley was speaking here today at the Meeting of the Parliamentary Consultative Committee attached to his Ministry.

The Finance Minister Shri Jaitley briefed the members about the series of meetings held by him with the Empowered Group of State Finance Ministers wherein concerns of the various States were addressed. The Finance Minister said that as the volume of trade expands and the growth momentum picks-up, then every State will be benefitted with the rise in their revenue collections with the implementation of GST.

Members of the Committee also gave various suggestions with regard to GST. Most of the Members of the Consultative Committee supported the decision of the Government to implement the GST and said that this will help in better tax collections, better tax compliance, less cases of tax evasion and litigation, more transparency, less harassment and corruption. They said that since number of Departments will also reduce in due course, which, in turn, will lead to less corruption. One of the members suggested that Centre may bring out a 'white paper' on GST giving details on how much

revenue will go to the Centre, States and who will be the ultimate beneficiaries i.e, Centre, States, manufacturers, suppliers and consumers at large. One of the member suggested that Finance Commission may be made a permanent body for allocation of funds to the States. Some of the members wanted to know the current status of GST, IT infrastructure and IT network required in order to implement GST and how the local bodies are going to be benefitted with GST and how Revenue Neutral Rates (RNR) are going to be worked-out among others.

Replying to the various queries of the Members, the Finance Minister Shri Jaitley said that GST will help in reducing tax on tax and therefore, will be beneficial to the consumers. Besides it, GST will also be beneficial to the Centre, States and industrialists, manufacturers, common man and the country at large since it will bring more transparency, better compliance, increase in GDP growth and the revenue collections of both States and the Centre. He said that the Government is open for any suggestion for making further improvement(s) in the GST Constitutional Amendment Bill introduced by him in the current Session of Parliament. He said that GST is a continuing process which would further evolve and improve with time. He said that the Government is in favour of strengthening the cooperative federalism in the country and will make all out efforts to evolve as much consensus as possible in implementing GST.

The meeting was attended by Minister of State of Finance Shri Jayant Sinha, Members of the Consultative Committee who attended the aforesaid Consultative Committee Meeting include Shri Anoop Mishra, Shri Dilip Kumar Mansukhlal Gandhi, Dr. Hari Babu Kambhampati, Shri J. Jayasingh Thiyagraj Natterjee, Smt Poonam Mahajan, Shri Ram Charitra Nishad, Shri S.P.Y. Reddy, Shri Sriram Malyadri and Shri Suresh Chanabassappa Angadi, all Members of Lok Sabha; Shri Anil Desai, Dr. K.P. Ramalingam, Shri Rajkumar Dhoot, Shri Ranvijay Singh Judev, Shri Satish Chandra Misra and Shri Sukhendu Sekhar Roy, all Members of Rajya Sabha. The meeting was also attended by Shri Shaktikanta Dass, Revenue Secretary, Dr. Hasmukh Adhia, Secretary (DFS), Dr Arvind Subramanian, Chief Economic Adviser, Shri Kaushal Srivastava, Chairman, CBEC, Ms Anita Kapur, Chairperson, CBDT and senior officers of the Department of Revenue, CBEC and the Ministry of Finance among others.
